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SUBJECT: "Cumple y Gana" Labor Project Advances CAFTA
Understanding with Private Sector

¶11. Summary: The U.S. Department of Labor-funded "Cumple y Gana" project held two recent public outreach events in Honduras, aimed at informing the private sector as to the contents and implications of CAFTA-DR with regards to protection of labor rights and enforcement of labor laws. EconOffs participated in the program, along with Honduran Minister of Labor and private sector representatives. Turnout was good, press coverage was positive, and overall the events marked a strong first step in the important effort of educating the Honduran public about CAFTA-DR, and correcting the many misperceptions that persist. End summary.

¶12. The "Cumple y Gana" project held two recent public outreach events in Honduras: in Tegucigalpa on September 29 and in San Pedro Sula on September 30. The project, whose full title is "Strengthening Labor Systems in Central America: Cumple y Gana (Comply and Win)", is funded by the U.S. Department of Labor, and being carried out in Central America by the Costa Rican NGO FUNPADEM (Foundation for Peace and Democracy) and by Abt Associates. Within Honduras, FUNPADEM is partnering with the private sector umbrella organization COHEP (Honduran Private Enterprise Council). The launch of the project in March was attended by President Maduro and Ambassador Palmer.

¶13. While the Cumple y Gana project has various objectives, including providing training to strengthen Ministry of Labor inspection services and strengthening alternative dispute resolution mechanisms, the September events were focused on increasing public awareness of the labor provisions contained in CAFTA-DR. Each event was attended by roughly 75 people from the private sector - not CEOs and company presidents, but rather personnel officers and people closely involved with the day-to-day management of labor issues. (FUNPADEM plans to hold additional outreach events aimed at workers and labor unions in the future.)

¶14. The two key presentations at the event were delivered by Armando Urtecho, a lawyer for COHEP who explained the labor chapter of CAFTA-DR, and by EconOffs, who explained the dispute settlement mechanisms outlined in the agreement. Given the low level of knowledge that prevails among the private sector as to exactly what the CAFTA-DR agreement says regarding the enforcement of labor laws, these two presentations were very positively received. The average Honduran businessman seems to have only a vague sense that CAFTA-DR will reduce Honduran sovereignty by giving the United States the right to ultimately impose "fines" of USD 15 million at will if Honduras fails to meet first-world labor standards. EconOffs took pains to dispel the myths and correct the many misperceptions inherent in this view. Specifically, EconOffs emphasized that CAFTA-DR requires only the enforcement of member countries' own labor legislation; requires the protection of fundamental, internationally recognized, labor rights which are contained in the core conventions of the ILO (International Labor Organization); establishes a dispute-settlement process that focuses on consultation and cooperation, and can assess monetary contributions only as a last resort.

¶15. At the Tegucigalpa event, other speakers included Executive Director of FUNPADEM Dr. Rodolfo Piza, President of COHEP Jose Maria Agurcia, and Honduran Minister of Labor German Leitzelar. Leitzelar took pains to counteract the perception that CAFTA-DR represents a loss of Honduran sovereignty, by pointing out that under Honduran law, international treaties do not supersede the Honduran constitution, but rather become incorporated into the constitution. As he often does, Leitzelar also emphasized that Honduras' labor legislation already protects the fundamental labor rights which CAFTA-DR covers, and that Honduras has ratified all eight of the core ILO conventions (he pointedly stressed that the United States has ratified only two). But he urged participants to place a greater emphasis upon enforcement, not because of CAFTA-DR, rather because it is necessary for the economic transformation of Honduras, to ensure that the benefits of economic growth are shared by all. "The treaty is not important", he concluded,

"what is important is our conduct and our commitment, with or without CAFTA."

16. At the event in San Pedro Sula the following day, EconChief represented the embassy, and Minister Leitzelar was not present, leaving significant time for audience participation. The question and answer session was generally polite, but exposed a number of private sector concerns. Many questions were technical in nature, and were fielded by Urtecho of COHEP. In addition, audience members inquired about the "fines" that could be imposed, in response to which EconChief stressed the numerous other options for settlement of a dispute, the fact that any compensation levied would be as a last resort, and the fact that all funds would be directed to programs within the country to address the enforcement problem. EconChief also highlighted that the U.S. interest is in promoting regional integration, supporting stable, prosperous neighbors, and improving the enforcement of labor laws, not in somehow "punishing" its neighbors.

17. Asked how a developing country could afford to enforce "these new laws", EconChief reiterated that CAFTA-DR imposes no new laws, but only the requirement that Honduras enforce its own laws. These are standards that Honduras has already decided are important and therefore passed into law - now it is up to Honduras to adequately enforce them. That said, the USG has historically been eager to support such efforts in our partners, and can likely be counted on to continue doing so under CAFTA-DR. Again, EconChief noted, the goal is to improve how the system works, not to point fingers. In one of the best exchanges of the morning, one audience member asked how CAFTA-DR would prevent corruption from undermining the system. Urtecho turned it back on the audience, in effect asking them how they will fight corruption. As he listed the symptoms and societal costs of corruption, and called the business community to action in doing its part to combat corruption, heads throughout the audience were nodding in assent. Following the event EconChief was approached by audience members, and interviewed by several reporters, providing an additional opportunity to set the facts straight and to promote CAFTA-DR as a strongly positive step for the region.

18. Comment: Nearly ten months after Honduras' part in the CAFTA-DR negotiations concluded, the level of knowledge among the business community, not to mention the general public, regarding the agreement remains very low. (EconOff was interviewed by one television journalist who apparently did not realize that CAFTA-DR is distinct from the FTAA.) For many of those in attendance, the event was obviously the first time they had received a clear description of the way that the agreement sets out to protect and enforce fundamental labor rights. Further outreach of this nature, including future events aimed at workers and unions, will be of great value in counteracting widespread misinformation and building public support for CAFTA-DR, as the GOH prepares for ratification. End comment.

Pierce